

Message Text

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ACTION EUR-12

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SUBJECT: EC COMMISSION POLICY ON JOINT AIRCRAFT PROGRAMS

1. AT ITS JUNE 21 MEETING THE EC COMMISSION APPROVED A
COMMUNICATION TO THE COUNCIL CONCERNING CONCERTED EC
ACTION ON AIRCRAFT PROGRAMS. THIS DOCUMENT GIVES AN
OVERVIEW OF THE PRESENT SITUATION OF MEMBER STATE CO-
OPERATION IN CIVIL AIRCRAFT PROGRAMS, INCLUDING
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ESTIMATES OF EC SHARE OF THE WORLD MARKETS FOR THESE
AIRCRAFT AND SETS OUT THE ROLE WHICH IT FEELS THE
COMMUNITY SHOULD PLAY IN SUPPORTING THE DEVELOPMENT OF
THE EUROPEAN AIRCRAFT INDUSTRY.

2. THE COMMISSION BELIEVES THAT AEROSPACE IS ONE OF A
SELECT GROUP OF ADVANCED TECHNOLOGICAL INDUSTRIES WHICH

ARE VITAL TO THE COMMUNITY'S ECONOMIC DEVELOPMENT. COMMISSIONER DAVIGNON REPORTEDLY SAID AT THE JUNE 21 MEETING THAT UNILATERAL LINKS BETWEEN PRODUCERS IN EC MEMBER STATES AND THE US INDUSTRY THREATEN THE FUTURE OF THE EUROPEAN INDUSTRY. DAVIGNON SAID THAT THESE LINKS WERE IMPORTANT, ESPECIALLY FOR ENSURING ACCESS TO THE US MARKET BUT THAT THEY SHOULD BE A JOINT ACTION BY EUROPEAN MANUFACTURERS. WHILE ACKNOWLEDGING THAT AN INDUSTRIAL STRATEGY CONCERNING AIRCRAFT PROGRAMS WAS PRIMARILY A MATTER FOR MANUFACTURERS AND NOT THE COMMUNITY, THE COMMISSION FEELS THE EC CAN HELP BY MAKING A LINK BETWEEN COMMERCIAL POLICY AND FOREIGN RELATIONS, BY HELPING TO BEAR SOME OF THE RISK INHERENT IN THE LAUNCHING OF NEW PROGRAMS, AND BY MEASURES TO CREATE AN INTERNAL MARKET FOR AIR TRANSPORT.

3. REGARDING THE LINK BETWEEN COMMERCIAL POLICY AND FOREIGN RELATIONS, THE COMMISSION FAVORS IMPROVED MARKET ACCESS THROUGH TRADE RELATIONS BASED ON RECIPROCITY, ELIMINATION OF US AIRCRAFT TARIFFS IN THE MTN TO MATCH THE SUSPENSION OF EC TARIFFS, USE OF THE COMMUNITY'S POLITICAL INFLUENCE TO BACK EUROPEAN AIRCRAFT PRODUCERS IN THEIR EFFORTS TO SELL OUTSIDE EUROPE, PARTICULARLY IN JAPAN AND CANADA, AND COMMUNITY-LEVEL EXPORT FINANCING OPERATIONS IN THE LDC MARKETS.

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4. THE COMMISSION LEAVES OPEN THE POSSIBILITY OF COMMUNITY CONTRIBUTIONS, THROUGH EXISTING FINANCIAL INSTRUMENTS (E.G. ORTOLI FACILITY, BUDGET AIDS, OR THE EIB) TOWARDS THE FINANCING OF LONG-TERM PROGRAM.

5. THE COMMISSION HAS ALSO DECIDED TO INCREASE COMPETITION IN THE COMMUNITY AIR TRANSPORT MARKET AND IS PREPARING DRAFT REGULATIONS ON THIS SUBJECT. IT HOPES INCREASED COMPETITION WILL ASSIST THE INDUSTRY TO DEVELOP ON A TRULY COMMON MARKET SCALE THOROUGH INCREASED INNOVATION, FLEXIBILITY OF SERVICES, BETTER EFFICIENCY, AND LOWER PRICES TO CONSUMERS. IT ALSO FAVORS A FLEXIBLE APPLICATION OF EC COMPETITION RULES IN CERTAIN CASES INVOLVING STATE AIDS OR INTER-COMPANY AGREEMENTS WHICH THE COMMISSION MAY DECIDE ARE IN THE COMMON INTEREST OF THE COMMUNITY MEMBERS.

6. COMMENT: IN CONTRAST TO EARLIER ACTION PROGRAMS OF THE COMMISSION WHICH SOUGHT TO CARVE OUT A ROLE FOR THE COMMISSION IN COMMON PRODUCTION PROGRAMS, THIS STATEMENT OF COMMISSION POLICY APPEARS AIMED AT INDIRECT ACTION IN SUPPORT OF EC AIRCRAFT INDUSTRY. WHILE THE

ORIGINAL ACTION PROGRAMS WERE LEFT TO GATHER DUST DUE TO
LACK OF MEMBER STATE SUPPORT, MANY OF THE MEASURES
ABOVE ARE WITHIN THE POWER OF THE COMMISSION TO CARRY
OUT WITHOUT FORMAL MEMBER STATE APPROVAL. END COMMENT.

7. FULL TEXT OF THE COMMISSION'S COMMUNICATION TO THE
COUNCIL BEING SENT SEPARATELY. HINTON

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